

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0294223**

---

**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY AGAINST HUNT OPERATING, LLC (416525) FOR VIOLATIONS OF STATEWIDE RULES ON THE BURNSIDE, M.L. & HURST, L.L. (09684) LEASE, WELL NOS. 2B, 3B, 7, 9 AND 12, CALLAHAN COUNTY REGULAR FIELD, CALLAHAN COUNTY, TEXAS**

---

**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 2, 2015 and that the respondent, Hunt Operating, LLC (416525), failed to appear or respond to the Notice of Opportunity for Hearing. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Hunt Operating, LLC (416525), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing, was signed for on March 30, 2015. The electronic receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On August 22, 2014, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Corey Hunt; Manager.
4. Corey Hunt, was a person in a position of ownership or control of respondent, as defined by Texas Natural Resource Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. The violations of Commission rules committed by respondent are related to safety and the control of pollution.

## **OIL AND GAS DOCKET NO. 7B-0294223**

6. Respondent designated itself to the Commission as the operator of Well Nos. 2B, 3B, 7, 9 and 12 on the Burnside, M.L. & Hurst, L.L. (09684) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producers Transportation Authority) effective on July 16, 2013.
7. Respondent's P-5 (Organization Report) is active. Respondent has \$50,000 cash as its financial assurance.
8. Commission District inspections were conducted on August 5, 2014, September 15, 2014 and October 22, 2014 for the Burnside, M.L. & Hurst, L.L. (09684) Lease. The sign or identification required to be posted at the lease entrance was missing. The signs or identification at Well Nos. 2B, 3B, 9 and 12 displayed incorrect information and no sign was posted at Well No. 7. The sign or identification at the tank battery displayed incorrect information.
9. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
10. Production from Well Nos. 3B, 7, 9 and 12 on the Burnside, M.L. & Hurst, L.L. (09684) Lease ceased on or before October 2012.
11. Injection from Well No. 2B on the Burnside, M.L. & Hurst, L.L. (09684) Lease ceased on or before February 2012.
12. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
13. Usable quality groundwater in the area is likely to be contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject wells. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
14. The total estimated cost to the State for plugging Well Nos. 2B, 3B, 7, 9 and 12 on the Burnside, M.L. & Hurst, L. L. (09684) Lease is \$52,000.00.
15. Statewide 14b2 plugging extensions for Well No. 2B on the Burnside, M.L. & Hurst, L. L. (09684) Lease was denied on March 21, 2014 for an H-5 issue.
16. Statewide 14b2 plugging extensions for Well Nos. 7, 9 and 12 on the Burnside, M.L. & Hurst, L. L. (09684) Lease were denied on June 4, 2008 for not filing H-15's.
17. A Commission District inspection was conducted on August 5, 2014 for the Burnside, M.L. & Hurst, L.L. (09684) Lease. At Well No. 12 there was hydrocarbon pollution surrounding the wellhead.
18. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the lease.

## **OIL AND GAS DOCKET NO. 7B-0294223**

19. The unpermitted discharges of oil and gas wastes or other substances or materials on the subject lease constitute a hazard to public health and safety because leaks and spills of oil and produced waters onto soils can migrate into surface water bodies causing contamination or can leach into the ground and percolate through soils into groundwater supplies.
20. Commission District inspections were conducted on August 5, 2014, September 15, 2014 and October 22, 2014 for the Burnside, M.L. & Hurst, L.L. (09684) Lease. Respondent had not timely closed two workover pits, one at Well No. 2B and one at Well No. 3B, both measuring 1,200 square feet.
21. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pit and seep into subsurface waters.
22. A Commission District inspection was conducted on August 5, 2014, as well as a review of Commission records, for the Burnside, M.L. & Hurst, L.L. (09684) Lease, Well No. 2B. The pressure test required by Statewide Rule 46(j) to be run by September 30, 2013, has not been run.
23. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease and subject wells in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to respondent and to all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed or have occurred.
3. Respondent is in violation of Commission Statewide Rules 3, 8(d)(1), 8(d)(4)(G)(i)(III), 14(b)(2) and 46(j).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3, which requires that each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resources well and tank, or other approved crude oil measuring facility shall post signs or identification.
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.

**OIL AND GAS DOCKET NO. 7B-0294223**

6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(4)(G)(i)(III), which requires workover pits to be dewatered, filled and compacted within 120 days from completion of workover operations.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j), which requires that the mechanical integrity of an injection well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer or casing have sufficient mechanical integrity.
8. Respondent is responsible for maintaining the subject lease and subject wells in compliance with all applicable Commission rules according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.
9. The documented violations committed by the respondent constitute acts deemed serious, a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531.
10. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Corey Hunt, and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed; and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed, whichever is earlier.

**IT IS ORDERED THAT** within 30 days from the day immediately following the date this order becomes final:

1. Hunt Operating, LLC (416525), shall plug or place the Burnside, M.L. & Hurst, L.L. (09684) Lease, Well Nos. 2B, 3B, 7, 9 and 12, Callahan County Regular Field, Callahan County, Texas in compliance with applicable Commission rules and regulations; and
2. Hunt Operating, LLC (416525), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THIRTY TWO THOUSAND THREE HUNDRED SIXTY NINE DOLLARS (\$32,369.00)**.

**OIL AND GAS DOCKET NO. 7B-0294223**

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

Done this 15th of September 2015.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated September 15, 2015)

MFE/sa